

DEVELOPMENT OF AGRICULTURAL AND RURAL CREDIT FOR INDIVIDUAL CUSTOMERS IN VINH LONG PROVINCE

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ABSTRACT

In the trend of innovation and increasingly deep integration, personal credit, especially for agriculture and rural areas, plays a key role in economic development, improving people's lives, and ensuring social security. In Vinh Long province, expanding access to credit for individuals in rural areas not only meets the capital needs for production, business, and consumption but also contributes to improving the efficiency of resource use, economic restructuring, and sustainable development. The article focuses on analyzing the current situation of personal credit in agriculture and rural areas in Vinh Long province in the period of 2015-2024, thereby proposing well-founded recommendations to improve access to credit, increase capital use efficiency, and aim for comprehensive and sustainable socio-economic development.

Keywords: Credit, personal credit, rural credit.

1. Introduction

Vinh Long is a province located in the Mekong Delta, regarded as a key agricultural economic region of the country, playing an important role in ensuring national food security and promoting agricultural export development. With favorable geographical conditions, the economy of Vinh Long province still relies primarily on agriculture, particularly rice production, fruit cultivation, livestock, and aquaculture. In recent years, the province has actively implemented agricultural restructuring aimed at increasing added value and promoting sustainable development, focusing on the application of high technology and adaptation to climate change.

According to the Vinh Long Statistics

Office (2025), the province's total aquaculture output reached 47,666 tons, with 2,004 hectares under cultivation, including 366 hectares dedicated to exporting pangasius. The livestock sector has recovered after the pandemic, with 167,522 pigs, 74,123 cattle, and over 10.4 million poultry. In the first quarter of 2025, the GRDP reached VND 10,624 billion (an increase of 8.1% compared to the same period last year); total retail sales and service revenue reached VND 20,221 billion (up 25.43%); and export turnover reached USD 285.5 million (up 16.98%).

Regarding investment, the disbursement rate of public investment capital in the first quarter of 2025 reached 8.44%; budget revenue reached 36.68% of the estimate; and seven new projects were registered with

a total capital of nearly VND 952 billion. However, the local economy still faces challenges from saltwater intrusion, diseases, fluctuations in input prices, and impacts from international markets, affecting agricultural production.

In this context, personal credit, especially in agriculture and rural areas, plays a crucial role in supporting the maintenance and expansion of production activities, increasing residents' income, and contributing to economic stability and enhanced social welfare at the local level. Commercial banks in the province have actively implemented preferential credit programs, policy credit, and commercial credit targeting individual customers in rural areas. By the end of 2024, the province's total outstanding loans reached VND 55,258 billion, an increase of 11.49% compared to the previous year; among this, outstanding loans to individual customers in agriculture and rural areas reached VND 2,050 billion, accounting for a modest 3.7% of total outstanding loans, indicating that access to credit in this sector remains limited.

Given these issues, this article focuses on analyzing the current situation and evaluating the activities of personal credit in agriculture and rural areas in Vinh Long province during the period 2015–2024, identifying the challenges faced by commercial banks in the province, and proposing solutions to enhance credit accessibility, improve capital use efficiency, and contribute to sustainable rural economic development.

2. Research Methodology

This study employs a qualitative research approach with descriptive and statistical methods to identify trends and evaluate the current status of personal credit in agriculture and rural areas in Vinh Long province during

the period 2015–2024. Data were collected from secondary sources, including credit activity reports from several commercial bank branches and people's credit funds in Vinh Long, as well as aggregated data from the State Bank of Vietnam – Vinh Long Branch, Vinh Long Statistics Office, and the Vietnam Chamber of Commerce and Industry (VCCI).

The indicators analyzed include: capital mobilization from individual customers, loan disbursement, debt collection, outstanding loans, and overdue debt of individual customers in agriculture and rural areas. Descriptive statistical methods were applied to track the fluctuations of these indicators over the 10-year period. In addition, several growth metrics, such as absolute increases, annual growth rates, and compound annual growth rates (CAGR), were used to assess long-term trends and the sustainable development level of credit in agriculture and rural areas.

The analysis was conducted based on year-to-year comparisons, combined with an assessment of relative proportions within the overall personal credit structure of the province, in order to determine the priority of credit allocation to rural areas and to identify potential credit risk threats.

3. Current Status of Agricultural and Rural Credit for Individual Customers in Vinh Long Province

The province currently has approximately 22 commercial bank branches, 5 people's credit funds, and 115 transaction points, distributed widely across districts, towns, and the provincial city. Among these, 79 points are located in rural areas, accounting for 69.23% of the total, reflecting the banking sector's efforts to expand its network to rural

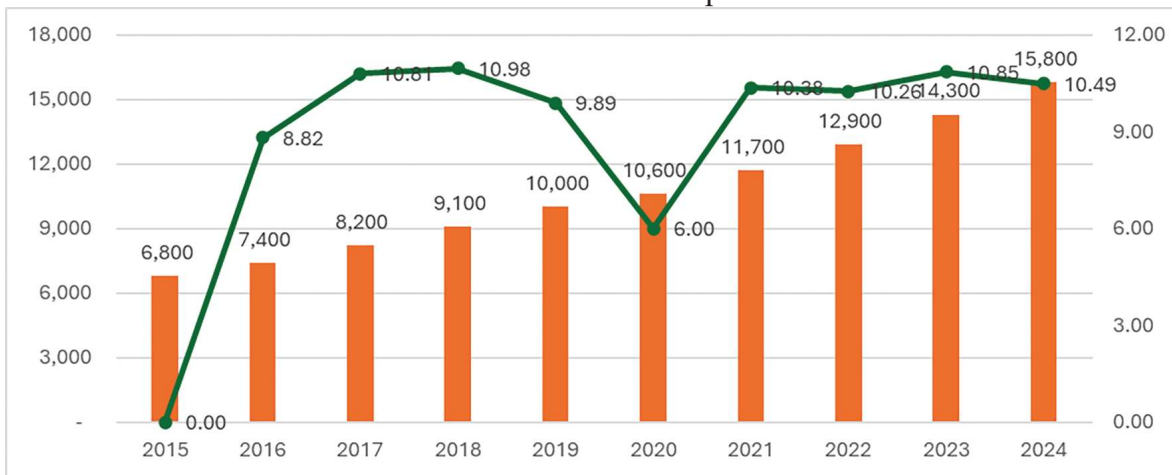
regions. However, this distribution is still not fully balanced across remote and isolated areas; technological infrastructure at some points remains limited, affecting residents' access to loans and digital banking services.

In addition to expanding the transaction network in rural areas, capital mobilization plays an important role in creating financial resources to support the development of personal credit in agriculture and rural areas. Practices at commercial bank branches and

people's credit funds in Vinh Long province show positive changes in the scale and quality of capital mobilization, contributing to a stable funding source for lending activities in this sector.

3.1 Capital Mobilization Activities

Capital mobilization is one of the key activities of the banking system. It serves as the primary financial resource for banks to expand credit and promote economic development.



Source: VCCI

Figure 1: Capital Mobilization from Individual Customers in Vinh Long (2015–2024)

Figure 1 shows that during the period 2015–2024, capital mobilization from individual customers in the province exhibited a clear upward trend, rising from VND 6,800 billion in 2015 to VND 15,800 billion in 2024, corresponding to an increase of 2.32 times. The average annual growth rate was approximately 9.8%, with 2018 recording the highest increase at 10.98%, while the post-COVID-19 recovery period (2021–2024) fluctuated around 10% per year. The absolute annual increase also rose significantly, from less than VND 1,000 billion in the early years to over VND 1,400 billion in recent years.

This trend indicates growing public confidence in the banking system and reflects

the tendency to accumulate capital and convert it into deposits under more stable economic conditions. This positive signal contributes to the expansion of medium- and long-term capital resources, providing an important foundation for the development of personal credit, particularly in agriculture and rural areas, which require stable and continuous capital supply.

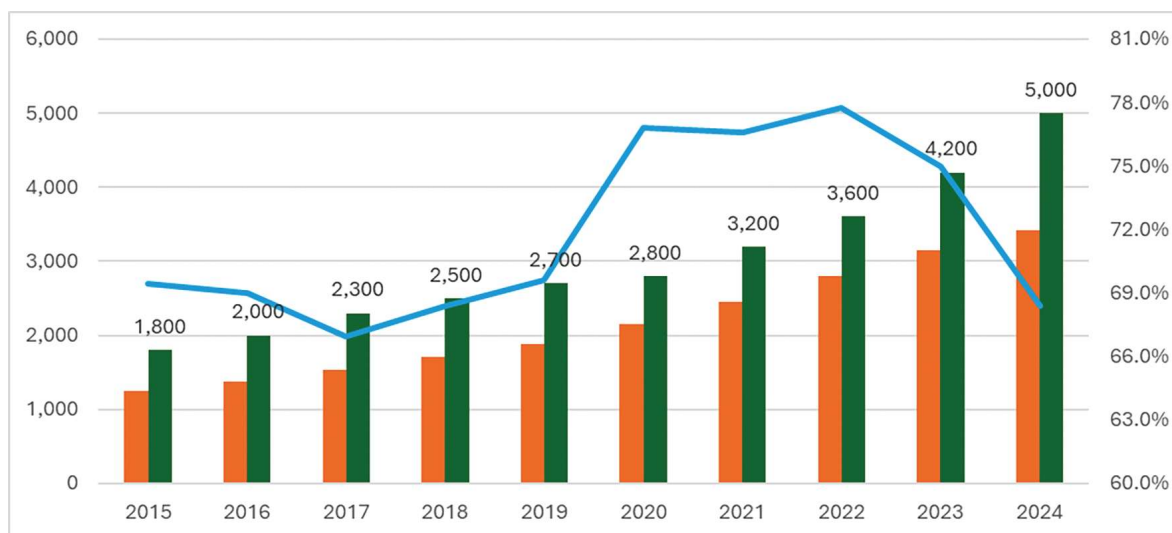
3.2 Credit Activities

Following the positive growth trend in capital mobilization, credit activities for individual customers in Vinh Long province during the period 2015–2024 also recorded significant developments. In particular, credit serving agriculture and rural areas (AR) continued to play a crucial role within

the structure of personal credit, reflecting alignment with the province’s sustainable agricultural development orientation.

Figure 2 clearly illustrates the increasing trend in loan disbursement to individual customers in agriculture and rural areas (AR customers), along with fluctuations in the proportion of AR credit within total personal

credit outstanding during 2015–2024. This trend not only reflects the priority level given by credit institutions to rural areas during different periods but also provides an important practical basis for evaluating the effectiveness of credit policies aimed at supporting agricultural and rural development in the province.



Source: VCCI

Figure 2: Loan Disbursement to Individual Agricultural and Rural Customers in Vinh Long (2015–2024)

During the period 2015–2024, loan disbursement to individual agricultural and rural customers (AR customers) in Vinh Long province increased from VND 1,250 billion to VND 3,420 billion, equivalent to a 2.74-fold growth over 10 years. This trend reflects a steady expansion of credit scale, indicating that the banking system in the province has actively met the growing capital needs for production and business activities in rural areas.

In terms of structure, the proportion of loans to AR customers within total personal loan disbursement remained high, ranging from 68% to 78% throughout the period. In particular, during 2020–2022, the proportion

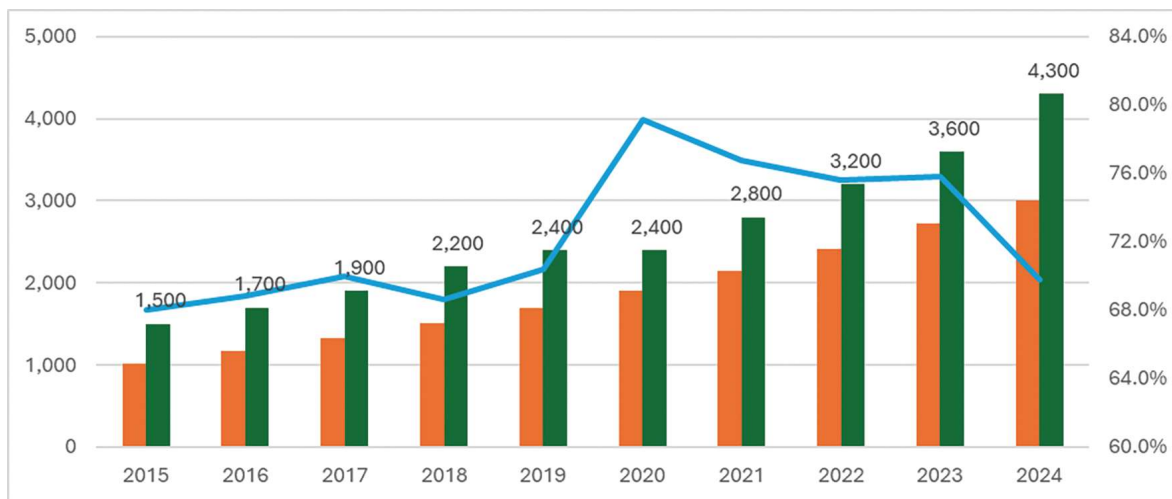
exceeded 76%, driven by preferential credit policies and post-COVID-19 recovery support packages.

However, by 2024, this proportion decreased to 68.4%, returning to the level observed in 2015. Although the absolute credit volume continued to rise, the relative decline reflects a shift in credit allocation priorities among different customer groups.

Expanding loan scale is a necessary condition for promoting rural economic development; however, the effectiveness of capital utilization and borrowers’ repayment capacity are the key measures of sustainable credit in this sector. To evaluate credit

performance more comprehensively for AR customers, analyzing debt collection is essential, as it clearly indicates borrowers' ability to fulfill financial obligations while also reflecting the effectiveness of banks' credit management. Figure 3 below illustrates

the trend of debt collection for AR customers in Vinh Long province during 2015–2024, providing an additional basis for assessing the quality of capital flows and the stability of credit relationships in rural areas.



Source: VCCI

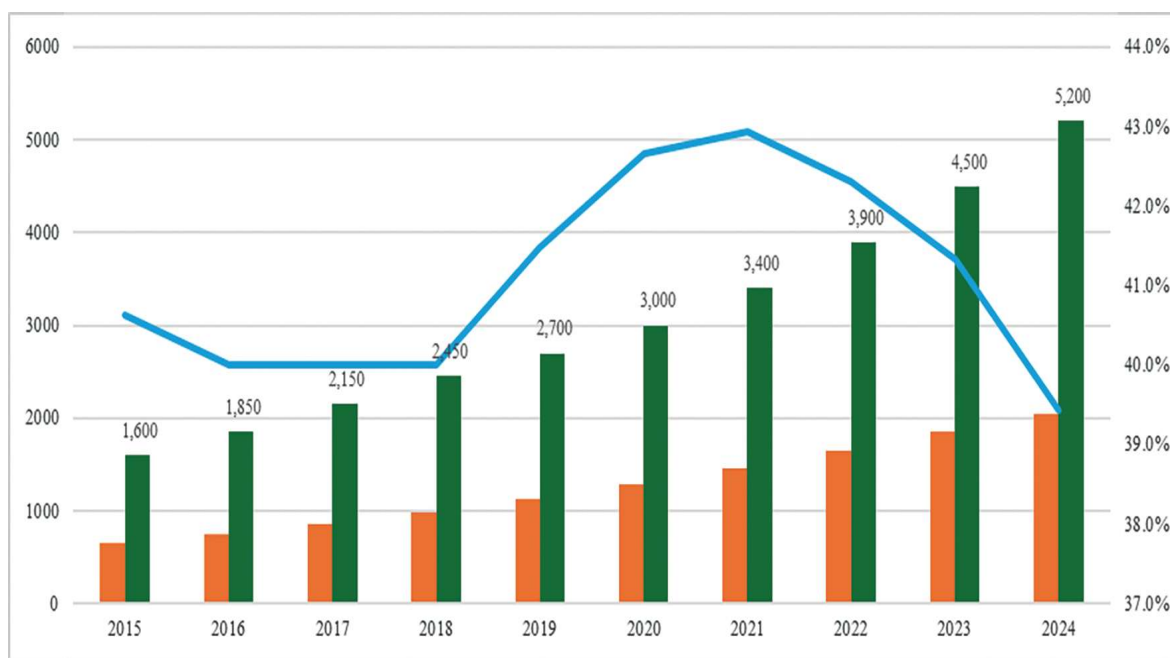
Figure 3: Debt Collection from Individual Agricultural and Rural Customers in Vinh Long (2015–2024)

During the period 2015–2024, debt collection from individual agricultural and rural customers (AR customers) in Vinh Long province increased from VND 1,020 billion to VND 3,000 billion, nearly tripling over 10 years. This indicates that debt recovery activities in rural areas were relatively effective amid the ongoing expansion of credit.

However, by 2024, this proportion decreased to 69.8%, returning to the level observed in 2015. Although the absolute value of debt collection continued to rise, the gradual decline in relative proportion indicates a certain shift in the structure of personal credit flows in the province.

In terms of structure, the proportion of debt collection from AR customers relative to total personal debt collection in the province remained high, fluctuating steadily between 68% and 79% throughout the study period. In particular, 2020 marked a peak of 79.2%, associated with preferential credit policies and post-COVID-19 support mechanisms, which significantly improved rural borrowers' repayment capacity.

To further clarify the trends in personal credit for agriculture and rural areas, analyzing outstanding loans is essential to assess the scale of capital still circulating in the rural economy and the sector's medium- and long-term development potential. Figure 4 below illustrates changes in outstanding loans to AR customers in Vinh Long province during 2015–2024, reflecting the accumulation of credit and the capital allocation strategies of local credit institutions.



Source: VCCI

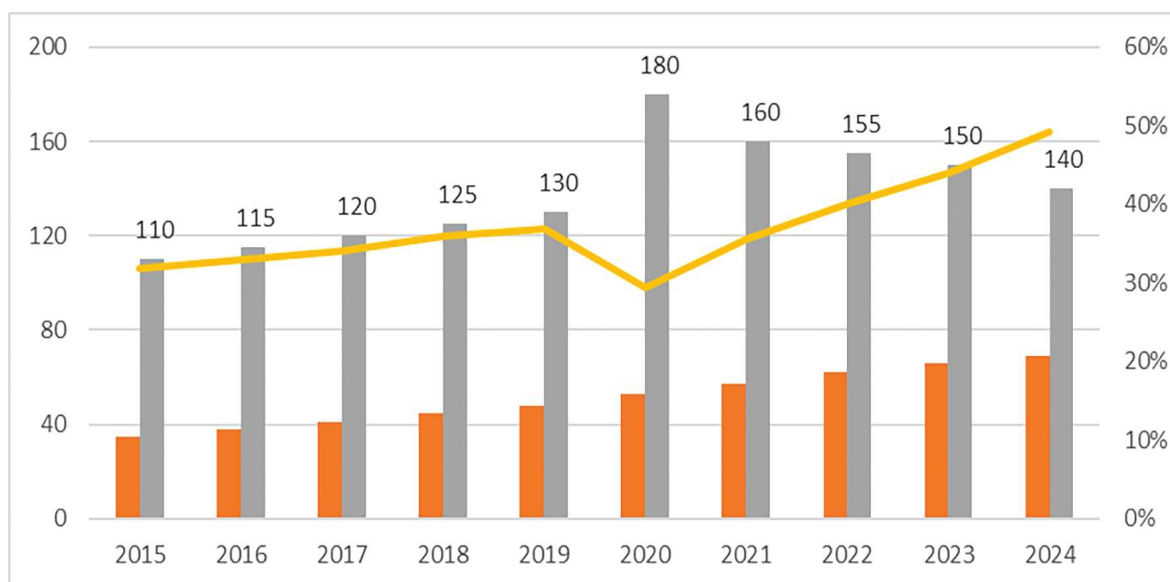
Figure 4: Outstanding Loans to Individual Agricultural and Rural Customers in Vinh Long (2015 - 2024)

Statistical data for the period 2015 - 2024 indicate that outstanding loans to individual agricultural and rural customers (AR customers) in Vinh Long province increased from VND 650 billion in 2015 to VND 2,050 billion in 2024, representing more than a threefold increase over the decade. This trend clearly reflects the expansion of credit scale serving rural areas, in line with the province's agricultural economic development orientation and policies encouraging credit for production and business activities in this sector.

However, when analyzed by structure, the proportion of outstanding loans to AR customers within total personal loans in the province shows a declining trend. Specifically, this proportion fluctuated between 40% and 43% for most of the study period and dropped to only 39.4% in 2024 - the lowest level across

the decade. This indicates that although the absolute outstanding loans to the AR sector continued to rise, their growth lagged behind that of the non-agricultural sector, resulting in a relative decline in the role of rural credit within the overall personal credit structure.

To comprehensively assess the effectiveness and sustainability of credit in agriculture and rural areas, in addition to the scale of outstanding loans, attention must be given to credit quality, with overdue debt being a key indicator. This metric directly reflects borrowers' repayment capacity and the level of credit risk in rural areas. Figure 5 below presents the trend of overdue loans for AR customers in Vinh Long province during the study period, providing deeper insights into the safety and effectiveness of credit management in the local agricultural and rural sector.



Source: VCCI

Figure 5: Overdue Loans of Individual Agricultural and Rural Customers in Vinh Long (2015–2024)

During the period 2015–2024, overdue loans in credit for individual agricultural and rural customers (AR customers) in Vinh Long province increased from VND 35 billion to VND 69 billion, nearly doubling over 10 years. Although the absolute increase was not large, the proportion of overdue AR loans within total overdue personal loans showed a clear upward trend, rising from 31.8% in 2015 to 49.3% in 2024.

From 2015 to 2019, this proportion remained relatively stable around 31%–37%, considered an acceptable level given the inherent risks and volatility in agricultural production. Notably, in 2020, the proportion of overdue loans unexpectedly dropped to 29.4%, likely due to COVID-19 credit support policies, such as debt rescheduling or repayment deferment, which may have temporarily masked potential non-performing loans.

From 2021 onwards, the proportion of overdue AR loans increased rapidly, reaching nearly 50% by 2024, meaning that one out of every two units of overdue personal loans

originated from the rural sector.

Based on the analysis of credit scale, debt collection, outstanding loans, and overdue loans, the following section will provide a comprehensive evaluation of credit activities for individual agricultural and rural customers in Vinh Long province. The objective is to identify key issues and challenges in order to move towards a more effective and sustainable credit system.

4. Evaluation of Credit Activities and Emerging Challenges

Personal credit activities in the agricultural and rural (AR) sector of Vinh Long province during the period 2015–2024 indicate that AR credit has maintained a pillar role. However, several notable limitations exist, arising from both objective and subjective factors, as outlined below:

The proportion of credit allocated to the AR sector within total personal loans has shown a declining trend since 2022, despite the absolute outstanding loans continuing to increase. This reflects strong competition from non-agricultural sectors, which often

offer higher profitability, lower risk, and faster disbursement procedures, leading to a tendency for credit flows to shift. On the banking side, the lack of strict mechanisms to control the proportion of AR credit, combined with an underdeveloped early-warning system to monitor capital flows, has contributed to the decline in AR credit share, thereby posing a risk of imbalance in the overall credit structure.

AR customers still face limitations in capital absorption and repayment capacity due to low income and limited own capital. This situation results in poor borrowing and repayment ability, thereby increasing the risk of non-performing loans in the sector. The main causes include the inadequacy of current credit products to match the agricultural production cycle, inflexible repayment mechanisms, and the lack of post-loan support measures, such as credit guarantees or agricultural insurance, which makes it difficult for customers to use funds effectively and ensure repayment capacity.

The debt collection rate in the AR sector has tended to decrease as a proportion of total personal debt collection, while overdue loans have slightly increased over the years. This trend is primarily due to external uncertainties affecting AR customers, such as weather fluctuations, disease outbreaks, and volatile agricultural product prices. In addition, from the banking perspective, the incomplete application of appraisal tools and risk management specific to agriculture has also contributed to reduced debt collection efficiency and higher overdue loans in the sector.

Credit activities in the AR sector are still limited in terms of products and lending mechanisms, as current offerings do not fully meet the capital needs according to agricultural production cycles, nor the borrowing limits and repayment capacity of

rural customers. The main reason is the lack of flexible credit products, such as seasonal loans or value chain-based agricultural loans, coupled with repayment mechanisms that are not closely aligned with actual farm cash flows, making it difficult for customers to access and use capital effectively.

Capital allocation and the monitoring of credit efficiency in the AR sector also face significant limitations. AR credit flows are sometimes constrained, posing a risk of imbalance in the overall credit structure. This stems from the lack of branch-level monitoring mechanisms for AR credit proportions, the absence of fully established performance evaluation criteria, and underdeveloped early-warning systems to timely detect when capital flows deviate from sustainable development directions.

5. Solutions to Improve the Efficiency and Accessibility of Agricultural and Rural Credit

Given that rural areas continue to play a pivotal role in economic development in Vinh Long province, adjusting personal credit policies to be flexible, effective, and sustainable is an urgent requirement. The following solutions aim to enhance both the efficiency and accessibility of agricultural and rural (AR) credit, particularly for individual customers, in the coming period:

First solution: Maintain proper capital allocation and closely monitor credit flows. To address the declining proportion of AR credit, commercial banks and local branches need to establish strict internal control mechanisms, set minimum allocation thresholds for AR credit, and integrate these indicators into performance evaluation systems. At the same time, implementing early-warning systems to track outstanding loans and debt collection can help promptly detect fluctuations in capital flows, allowing for timely corrective measures. This solution not only maintains

a balanced allocation of capital and protects the pivotal role of the rural economy but also prevents risks associated with imbalances caused by capital shifts to other sectors, ensuring stability and sustainability in personal credit activities in the AR sector.

Second solution: Develop flexible credit products aligned with agricultural production cycles. To address limitations in capital absorption, repayment capacity, and mismatched credit products, banks and regulatory authorities should diversify credit products by season, provide agricultural insurance loans, seasonal loans, and pilot value chain-based credit models, where banks act as intermediaries connecting farmers with processing and export enterprises. Implementing such products reduces credit risk, enhances capital utilization efficiency, ensures market access for agricultural products, and aligns with the actual repayment capacity of rural customers, thereby promoting more sustainable and effective agricultural production.

Third solution: Establish flexible and sector-specific lending mechanisms. Commercial banks and local branches should design loans according to agricultural production cycles, apply flexible repayment mechanisms based on seasonal income or actual cash flows, and adjust loan terms and limits according to the unstable income of rural customers. This approach not only reduces repayment pressure and minimizes default risk but also facilitates farmers' access to capital for production investment, scale expansion, and economic efficiency improvement. Furthermore, flexible lending mechanisms enhance credit quality, ensure capital is used for intended purposes, and support sustainable agricultural development and rural economic stability.

Fourth solution: Enhance credit effectiveness through post-loan support and

risk management. Banks, in collaboration with local authorities and technical support organizations, can implement coordinated measures such as providing technical advice to farmers, offering agricultural insurance, and facilitating market linkages, ensuring that funds are used effectively and sustainably. Simultaneously, applying micro-level risk analysis tools based on seasonal data, agricultural price fluctuations, weather conditions, and market factors can accurately assess borrowers' repayment capacity and adjust credit decisions accordingly. This solution not only improves debt collection rates and reduces overdue loans but also safeguards capital, enables farmers to optimize production efficiency, and contributes to sustainable socio-economic growth in rural areas.

Fifth solution: Prioritize long-term, low-cost capital and implement risk-sharing programs. To address limitations in capital utilization and declining debt collection rates in the AR sector, banks, in coordination with the State and local branches, can maintain preferential credit programs with low interest rates, while supporting insurance premiums or credit guarantees for farmers and cooperatives. Additionally, developing agricultural credit risk insurance programs helps share risks among borrowers, banks, and government agencies, providing stability in credit operations. These measures reduce repayment pressure on farmers, enhance resilience to weather or price fluctuations, and ensure effective use of capital, contributing to the establishment of a sustainable, stable, and flexible rural credit system in a volatile market environment.

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